Prepared for:
The Town of Sahuarita, Arizona

Prepared by:

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With

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Fiscal, Economic & Planning Consultants

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Sahuarita Retail Market Analysis Introduction

The following is a retail market analysis prepared for the Town of Sahuarita by The Chesapeake Group, in cooperation with and under contract to TischlerBise Associates. The Chesapeake Group (TCG) is an economic development consulting firm, with extensive experience with analyses of and implementation for sustainable economic enhancement throughout the country. TCG has been a consultant to many communities since its inception in 1974.

This report is based on stakeholder interviews, area reconnaissance, surveys of residents, available data, and proprietary computer modeling based on standard statistical practices. Critical spending information from the resident survey has been employed in the estimates of retail and related services demand.

It is noted that the analysis was undertaken at the request and solely the expense of the Town of Sahuarita. The estimates made are considered conservative. They are more likely to slightly understand demand than overstate demand and related opportunities.

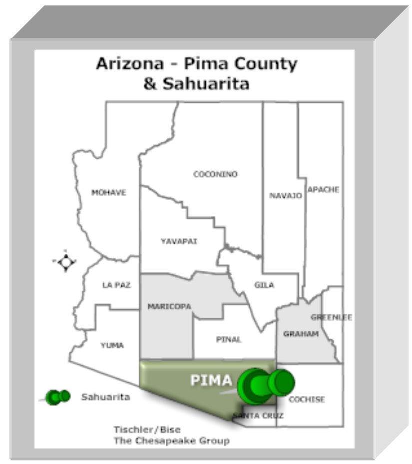
There is opportunity for additional retail activity within Sahuarita at this point in time based on the current sales level generated by the local residents, the exportation of dollars to other areas, and composition of the current commercial activity. In addition and based upon various assumptions, there may be additional opportunity for even more retail space and activity in the future than at present.

It is also noted that the estimates and suggested activity represent only TCG's opinions based on the presented information and significant experience. The suggestions made from those estimates are based only on "marketability". No consideration is given to the "holding capacity" of property in the town center or other locations in the Town. Furthermore, success of any individual or collective effort is dependent upon many other factors as well as marketability. These include, but are not limited to timing, marketing practices, financial feasibility, and management practices.

Furthermore, specific businesses may be mentioned by name at various points in the text. It is noted that this should neither be construed as an endorsement by The Chesapeake Group, Inc. of those businesses, nor an endorsement, interest, or willingness to participate in any activity by the businesses in Sahuarita or elsewhere in neighboring areas and communities.

Sahuarita Retail Market Analysis Background

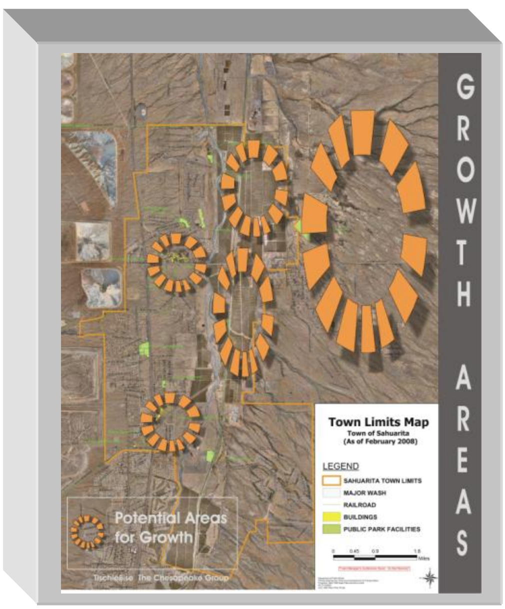
The Town of Sahuarita represents an extraordinary story of exponential growth. Incorporated as a town only in 1994, the community's population was estimated to be about 3,200 people by the U. S. Census in the year 2000. Based on its current boundaries, Sahuarita is estimated to have grown to between 22,000 and 23,500 people in 2008. This reflects a phenomenal growth in the eight years in excess of 600% within the Town boundaries.



Between 2004 and 2008, between 2,700 and 4,200 new residents were added each year. The peak for growth appears to have been in 2006. The population is highly educated in general when compared to the nation and Pima County in which the Town is located. According to the "2006 American Community Survey", over 50% of the Town's population has at least a Bachelors Degree.

Much of the growth, but certainly not all is attributable to the Rancho Sahuarita residential development. This master-planned phased development is expected to consist of about 11,000 households when completed. Much of the development is family-oriented. However, limited parts of it are intended to be oriented toward "active adults."

A second major development is Quail Creek that is also to be phased. When completed, it will hold a mass of about 5,000 households. There are other planned developments that have and will contribute to the mass within the Town's boundaries. There are also other substantial opportunities for continued growth in Sahuarita of new housing units within the Town's boundaries.



Due to its rapid growth, non-consumer driven non-residential activity has not been a major factor in the development pattern of the Town to date. Most of the labor force works outside of the community largely to the north. Thus and to a large extent, Sahuarita can be described as a quality bedroom community at this point in time, with little to no employment based commercial generators.

Outside of the current boundaries of the Town of Sahuarita are substantial undeveloped areas that could and may develop with residential and other activity in the future. This is particularly true of land areas to the east of town. Reasonable holding capacity for that land indicates that development could yield between 20,470 and 37,100 additional households.

Table 1 – Possible Residential Development East of Town*

Type of Residential	Acres	# of D.U./Acre	Total Units
High Density	339	10 to 22	3,339 to 7,458
Medium Density	3,176	5.2 to 9	16,515 to 28,584
Mixed Use	118	5.2 to 9	614 to 1,062
Total	3,633	Not app.	20,468 to 37,104

*Developed by The Chesapeake Group, Inc. 2009. Based on information furnished by the Town of Sahuarita.

Sahuarita Analysis Background

To the south of town is a substantial development known as Green Valley. This development is an adult oriented community. The average age of residents is in excess of 70 years. While outside of the town, its population is a fundamental and functional part of the residential-based commercial and retail market for goods and services within Sahuarita. With the growth in population in Sahuarita since the last census, Green Valley and Sahuarita are of comparable size in terms of population at present. Sahuarita remains smaller in terms of the number of households.

As noted, Sahuarita is located within Pima County. According to the "American Community Survey" in 2007, Pima County's population, inclusive of Sahuarita and Green Valley, was estimated at about 950,000 in roughly 370,000 households. Sahuarita and Green Valley constitute about 5% of the population and households in the county. At the current time, most of the households reside in areas north of Sahuarita and are more oriented from daily living experiences toward Tucson, including employment and shopping.

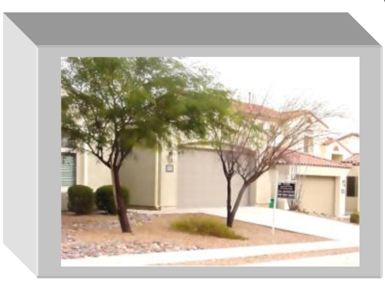
Sahuarita's North American Location

There are those that would argue that the larger regional area and Sahuarita in the past were immune to national downturns in housing and the economy. Whether or not that is the case, there is clear evidence that the communities are not immune to such economic conditions that have surfaced this past year. Symptomatic of those conditions are:

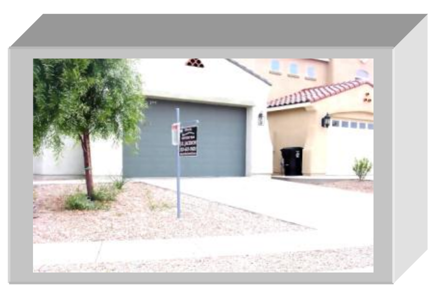
- ✓ Arizona having one of the highest foreclosure and vacancy rates in the country.
- ✓ Phoenix and Tucson are seeing declines in population for the past two years for the first time since their history has been documented.
- ✓ Delay of some well publicized developments in those larger cites.

Evidence of the impact is more antidotal in Sahuarita area. However, that does not mean that the current economic conditions are as a much or even more of a factor as a result of:

- ✓ Most of Sahuarita's housing growth having occurred in the peak period of the housing "boom" with "peak" housing prices and financing.



- ✓ The large senior population associated with Green Valley that has likely seen substantial deterioration of assets and purchasing power as a result of high inflation, fixed incomes, low return on liquid assets, and declines in portfolios and pensions.
- ✓ The number of units with posted "for sale" signs are apparent and represent a significant share of units.



The most probable impact of the trends are:

- ✓ A short-term decline in non-food related retail sales.
- ✓ A short-term slowing or delay in construction of phasing of existing housing in existing developments.
- ✓ A delay in future development of previously noted opportunities associated with raw land in or adjacent to the Town of Sahuarita.

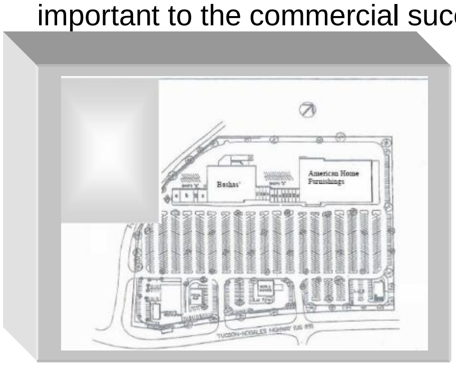
Sahuarita Analysis Background

As a result, estimates of future growth in population and associated new housing units for Sahuarita from 2008 until 2012, which was anticipated to average around 8.6% annually, is likely to be less.

Furthermore, growth within the county in the next few years will likewise be less. Future population estimates developed and provided by the Pima Association of Governments were considered by some to be controversial and too conservative, based on “too few births and too many deaths.” Those estimates showed that population would reach 1.057 million by 2010, 1.185 million by 2015 and 1.31 million by 2020. Given the housing and financing market conditions, they may be too aggressive. The Arizona Department of Economic Security indicates that Eastern Pima County, which excludes the vast areas of land associated with the Reservation will be 1.023 million in 2010, 1.142 million in 2015 and 1.26 million in 2020. These estimates, made prior to the Association of Governments’ estimates, may prove to be closer to that which is achieved. In either case, new development is likely to be centered near and along the Inetrstate-19 corridor. Growth will likely spread south from Tucson toward Sahuarita over time.

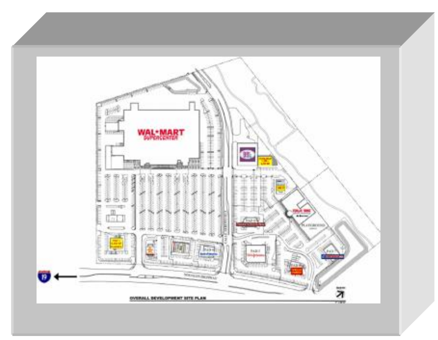
Commercial Activity

Residential activity is important to retail activity. In order for any commercial to survive, there must be a market that can purchase the goods and services. As previously noted, there is not a large employment base in the area to bring residents from other areas to Sahuarita on a daily or even regular basis. Thus, the residential development in and around the community is even more important to the commercial success than often found in other areas.



As recently as the turn of the century, the town contained two grocery operations, Bashas’ and Safeway, several small commercial strips and a few other operations. Now there are five substantial centers in the Sahuarita area, including Green Valley.

- ✓ One of these is Sahuarita Plaza on South Frontage Road.
- ✓ A second is the Madera Marketplace on South Nogales Highway. This center is dominated by the Wal*Mart Supercenter.
- ✓ The third is Quorum Plaza, containing Sears and some additional retail, food and service activity.
- ✓ A fourth is Sahuarita Palms at 1301 West Duval Mine.



- ✓ A fifth is Valle Verde Shopping Plaza at 100 W. Duval Mine Road.
- ✓ A seventh and not the least in terms of size, impact and quality is the “town center” associated with Rancho Sahuarita and known as the Rancho Sahuarita Marketplace and Village. The center is anchored by Fry’s and is a mix of activity and uses.

Sahuarita Analysis Background

According to Town records, there were about 1,020 businesses in operation in Sahuarita in Fiscal 2007. About six in ten of these were renewals of licenses from the previous year and 40% were new. The growth reflected the substantial residential growth in the previous few years and new available space brought into the market. A similar pattern is seen in Fiscal 2008, with continued growth in both new and renewed licenses.

Examination of the “store” openings in Fiscal 2007, 2008 and 2009 indicate that:

- ✓ Few of the new “stores” are retail operations.
- ✓ For those that are, the majority represent carry-out or fast food operations or auto related businesses.
- ✓ Other operations representing openings include financial institutions or personal and professional services.

These openings seem to reflect the overall composition of space in Sahuarita, with the exception of substantial space allocated to food sold and purchased for “home” consumption or off-premises at supermarkets or large “box” general merchandise operations with a food focus.

It is also noted that according to various analyses of the work force in Sahuarita, many business are home-based. The 2008 study of the workforce indicates that:

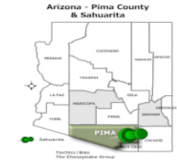
- ✓ 9.9% of the households in the Town operate home-based businesses. There are about 800 such operations.
- ✓ Some of these may turn into operations that would locate in traditional commercial space.
- ✓ Many of the operations are single-person businesses, the largest group classifying themselves as financial and other consultants.

As of December, 2008, there are additional centers or spaces planned that include those with approved development plans such as, but not limited to:

Madera Marketplace - Tutor Time
Santa Rita Professional Plaza
Sahuarita Plaza lot 5
American Southwest Credit Union
Tricia’s Learning Center
Octopus Carwash
Expansion of Rancho Sahuarita Marketplace
Sahuarita Palms Plaza Block 1
Arizona Self Storage
Rancho Sahuarita Self Storage
Heinfield Valle Verde Center changes

Few of the identified new tenants associate with the above sell retail goods.

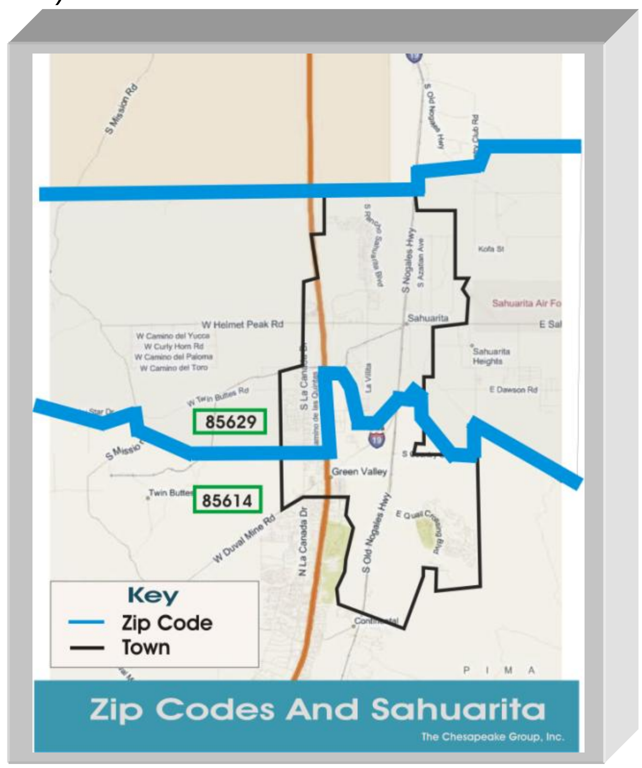
In addition, there is another factor that should be taken into consideration associated with changes in the “global economy” and technology that affords expanded “off-site” opportunities, such as internet shopping and employment. Make no mistake, the “global economy” is now and will in the future impact all of us in many ways. Already impacts can be seen in how products are produced, where people shop, items purchased, the ability to sell homes, credit ratings, construction costs, energy costs, labor costs, the ability to finance projects, the ability to operate and finance government offices and equipment, and medicine which touch our lives daily.



A comparative assessment or “gap” analysis was performed for Sahuarita at two levels. The first was at the zip code level, while the second was at the county level. These levels were utilized because of the availability of common data for all communities at those levels from the federal government.

Methodology

The comparative assessment at the local or zip code level requires comparing the combined business structure of zip code tabulation areas (ZCTA) 85629 and 85614 to that associated with other ZCTAs and communities that are similar. It is noted that those two zip codes encompass all of the town plus additional areas that surround the town, much of which is minimally developed.



In determining communities for which the comparison can be made, the following criteria were used:

- ✓ The population size and household numbers had to be similar to those associated with ZCTAs 85629 and 85614, since demand for goods and services are ultimately dependent largely upon the size of the primary market served.
- ✓ The selected communities all have median household incomes that are comparable to Sahuarita and Green Valley area reported incomes.
- ✓ Transportation and interstate highway access had to be similar.
- ✓ All are located inland.

Based on the criteria, nine communities defined by ZCTA were identified for which the comparison in economic structure of was made. These nine communities are:

23834 Ettrick, VA	72762 Springdale, AR
27253 Graham, NC	74063 Sandy Springs, OK
30014 Covington, GA	89406 Fallon, NV
35023 Hueytown, AL	91942 La Mesa, CA
70663 Sulphur, LA	

Is noted that all population and household estimates upon which the comparisons are made were derived from the same source, U.S. Census Bureau data. Also for consistency purposes, a single source, the U.S. Census Bureau's 2007 County Business Patterns, was employed to define the business structure and activity within all counties and zip code areas.

The North American Industry Classification System (NAICS) was introduced in 1997 as a more effective business classification system that identifies and groups establishments according to the activities in which they are primarily engaged. It replaces the older Standard Industry Classification (SIC) coding system which was first employed in 1938. NAICS identifies and groups 1,170 different types of "industries" or establishments into twenty major industry sectors ranging from Agriculture (Sector 11) to Public Administration (Sector 92). This analysis examined and extracted data from all of the twenty sectors for all areas. These sectors are:

- ✓ Agriculture, Forestry, Fishing and Hunting (Sector 11): Crop and animal production, forestry and logging, fishing, hunting, trapping, support activities for agriculture and forestry.
- ✓ Mining (Sector 21): oil and gas extraction, mining, support activities for mining.
- ✓ Utilities (Sector 22): power generation, transmission, and distribution, water, sewage, and other systems.
- ✓ Construction (Sector 23): building, developing, general contracting, heavy construction, special trade contractors.
- ✓ Manufacturing (Sector 31-33): food, beverage and tobacco product, textile and textile product mills, apparel, leather and allied products, wood product, paper, printing and related support activities, petroleum and coal products, chemicals, plastics and rubber products, nonmetallic mineral products, primary metals, fabricated metal products, machinery, computer and electronic products, electronic equipment, appliances, and components, transportation equipment, furniture and related products.
- ✓ Wholesale Trade (Sector 42): durable and nondurable goods.
- ✓ Retail Trade (Sector 44-45): Motor vehicle and parts, furniture and home furnishings, electronics and appliances, building material and garden equipment and supplies, grocery and beverage, health and personal care, gasoline stations, clothing and accessories, sports, hobby, books and music, general merchandise and miscellaneous store retailers.
- ✓ Transportation and Warehousing (Sector 48-49): air, rail, water, and truck transportation, transit and ground passenger transportation, pipeline transportation, scenic and sightseeing transportation, support activities for transportation, postal service, couriers and messengers, warehousing and storage.
- ✓ Information (Sector 51): Publishing, motion picture and sound recording and exhibition, broadcasting and telecommunications, information services and data processing.
- ✓ Finance and Insurance (Sector 52): Monetary authorities, credit intermediation, securities, commodities, insurance, funds, trusts, and other financial vehicles.
- ✓ Real Estate, Rental and Leasing (Sector 53): Real estate, rental centers and leasing services.

- ✓ Professional, Scientific and Technical Services (Sector 54): Lawyers, accountants, engineers, computer services, veterinary services, etc.
- ✓ Management of Companies and Enterprises (Sector 55): Management, holding companies, corporate and regional offices.
- ✓ Administrative and Support, Waste Management and Remediation Services (Sector 56): Administrative and facilities support services, employment and business support services, travel arrangements, investigative and security systems and other business services.
- ✓ Educational Services (Sector 61): Public sector schools, business, technical, trade schools and instruction.
- ✓ Health Care and Social Assistance (Sector 62): Ambulatory health care services, hospitals, nursing and residential care facilities and social assistance.
- ✓ Arts, Entertainment, and Recreation (Sector 71): Performing arts, spectator sports, museums, historical sites, amusement, gambling and recreation industries.
- ✓ Accommodation and Food Services (Sector 72): Accommodations, food service and drinking places.
- ✓ Other Services (Sector 81): Repair and maintenance, personal and laundry services, and religious, grant making, civic and professional organizations.
- ✓ Public Administration (Sector 92): executive, legislative, and other general government support.

Under-represented at the Zip Code Level

Under-represented “industries” were then defined as those where ZCTAs 85629 and 85614 had a lesser number of businesses than at least seven of the other nine communities. Thus, the number of businesses in the Sahuarita area compared to the other communities was below what might be expected.

It is also noted that in some cases, the differences are great, or no businesses in the under-represented categories were identified in the Sahuarita area. Once again, under-representation does not mean that the identified categories of businesses are desirable for the Town of Sahuarita.

The following are the “industries” or businesses identified as being under-represented. About 50 are identified. Retail and related service activity are highlighted in grey.

Table 2 – Under-represented Businesses/Industries in Zip Codes 85629 and 85614*

NAICS Code	Type of Business
236115	New Single-Family General Contactors
236220	Commercial Building Construction
237310	Highway, Street, and Bridge Construction
238110	Poured Concrete Structure Contractors
238170	Siding Contractors

Table 2 – Under-represented Businesses/Industries in Zip Codes 85629 and 85614 Cont.*

NAICS Code	Type of Business
238210	Electrical Contractors
238350	Finish Carpentry Contractors
332322	Sheet Metal Work Mfg
332710	Machine Shops
337110	Wood Kitchen Cabinet & Counter Top Mfg
423450	Med, Dental, & Hospital Equipment & Supply Merchant Wholesalers
423610	Electrical Apparatus & Equipment & Wiring Supply Merchant Wholesalers
423710	Hardware Merchant Wholesalers
423830	Industrial Machinery & Equipment Merchant Wholesalers
441110	**New Car Dealers**
441120	**Used Car Dealers**
441310	**Automotive Parts & Accessories Stores**
441320	**Tire Dealers**
443112	**Radio, Television, & Other Electronics Store**
443120	**Computer and Software Stores**
445120	**Convenience Stores**
445310	**Beer, Wine & Liquor Stores**
446120	**Cosmetics, Beauty Supplies, & Perfume Stores**
446191	**Food (Health) Supplement Stores**
447110	**Gasoline Stations with Convenience Stores**
447190	**Other Gasoline Stations**
484121	General Freight Trucking, Long Distance, Truckload
484220	Specialized Freight (except Used Goods) Trucking, Local
488410	Motor Vehicle Towing
493110	General Warehousing & Storage
511110	Newspaper Publishers
522130	**Credit Unions**
522291	**Consumer Lending**
531110	Lessors of Residential Buildings & Dwellers
532310	**General Rental Centers**
541370	Surveying & Mapping (except Geophysical) Services
541921	Photography Studios, Portrait
551114	Corporate, Subsidiary, & Regional Managing Offices
561320	Temporary Help Services
623210	Residential Mental Retardation Facilities
624410	Child Day Care Services
722211	**Limited-Service Restaurants**
722212	**Cafeterias, Buffets, & Grill Buffets**
811121	**Automotive Body, Paint, & Interior Repair & Maintenance**
811191	**Automotive Oil Change & Lubrication**
811192	**Car Washes**
811310	**Com.& Industrial Mach & Equip (except Auto & Electric) Repair & Maintenance**
812210	**Funeral Homes & Funeral Services**
812320	**Drycleaning and Laundry Services (except Coin-Operated)**

*Developed by The Chesapeake Group, Inc., 2009.

Pima County

As noted, a second set of comparisons was made. This required comparing the business structure of the larger Pima County to that associated with other counties that are "similar". Based on similar criteria to that associated with the zip codes, eight counties were identified for which the comparison in economic structure was made. These eight counties are:

Orange County, FL
Fresno County, CA
Travis County, TX
Shelby County, TN
Marion County, IN
Hamilton County, OH
Jefferson County, KY
Fulton County, GA

Under-represented Industries at the County level

Under-represented "industries" were then defined as those where Pima County had a lesser number of businesses than at least six of the other eight counties. Thus, the number of businesses in Pima County compared to the other communities was below what might be expected.

The following are the "industries" or businesses identified as being under-represented in Pima County. About 267 are identified. Once again, retail and related services are highlighted in grey.

Table 3 – Under-represented Businesses/Industries in Pima County*

NAICS Code	Type of Business
221122	Electric Power Distribution
221210	Natural Gal Distribution
236116	New Multifamily Housing Construction (except Operative Builders)
236210	Industrial Building Construction
236220	Commercial and Institutional Building Construction
237130	Power and Communication Line and Related Structures Construction
237310	Highway, Street, and Bridge Construction
238170	Siding Contractors
311330	Confectionary Manufacturing from Purchased Chocolate
311412	Frozen Specialty Food Manufacturing
311511	Fluid Milk Manufacturing
311520	Ice Cream and Frozen Dessert Manufacturing
311611	Animal (except Poultry) Slaughtering
311811	Retail Bakeries
311812	Commercial Bakeries
311942	Spice and Extract Manufacturing
311991	Perishable Prepared Food Manufacturing
314121	Curtain and Drapery Mills
321920	Wood Container and Pallet Manufacturing
322211	Corrugated and Solid Fiber Box Manufacturing

Table 3 – Under-represented Businesses/Industries in Pima County Continued*

NAICS Code	Type of Business
322214	Fiber Can, Tube, Drum, and Similar Products Manufacturing
322222	Coated and Laminated Paper Manufacturing
322232	Envelope Manufacturing
323110	Commercial Lithographic Printing
323111	Commercial Gravure Printing
323112	Commercial Flexographic Printing
323114	Quick Printing
323115	Digital Printing
323117	Books Printing
323118	Blankbook, Looseleaf Binders, and Devices Manufacturing
325120	Industrial Gas Manufacturing
325211	Plastics Material and Resin Manufacturing
325510	Paint and Coating Manufacturing
325520	Adhesive Manufacturing
325611	Soap and Other Detergent Manufacturing
325612	Polish and Other Sanitation Good Manufacturing
325620	Toilet Preparation Manufacturing
325910	Printing Ink Manufacturing
326113	Unlaminated Plastics Film and Sheet (except Packaging) Manufacturing
326140	Polystyrene Foam Product Manufacturing
326150	Urethane and Other Foam Product (except Polystyrene) Manufacturing
327215	Glass Product Manufacturing Made of Purchased Glass
327320	Ready-Mix Concrete Manufacturing
327993	Mineral Wool Manufacturing
331111	Iron and Steel Mills
332114	Custom Roll Forming
332312	Fabricated Structural Metal Manufacturing
332410	Power Boiler and Heat Exchanger Manufacturing
332811	Metal Heat Treating
332812	Metal Coating, Engraving (except Jewelry & Silver) & Allied Services to Manufacturers
333922	Conveyor and Conveying Equipment Manufacturing
335122	Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing
335312	Motor and Generator Manufacturing
336350	Motor Vehicle Transmission and Power Train Parts Manufacturing
337211	Wood Office Furniture Manufacturing
339111	Laboratory Apparatus and Furniture Manufacturing
339950	Sign Manufacturing
423110	Automobile and Other Motor Vehicle Merchant Wholesalers
423120	Motor Vehicle Supplies and New Parts Merchant Wholesalers

Table 3 – Under-represented Businesses/Industries in Pima County Continued*

NAICS Code	Type of Business
423130	Tire and Tube Merchant Wholesalers
423210	Furniture Merchant Wholesalers
423220	Home Furnishing Merchant Wholesalers
423310	Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers
423330	Roofing, Siding, and Insulation Material Merchant Wholesalers
423410	Photographic Equipment and Supplies Merchant Wholesalers
423420	Office Equipment Merchant Wholesalers
423430	Computer and Computer Peripheral Equipment and Supplies Merchant Wholesalers
423450	Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers
423460	Ophthalmic Goods Merchant Wholesalers
423510	Metal Service Centers and Other Metal Merchant Wholesalers
423610	Electrical Apparatus & Equipment, Wiring Supplies, & Equipment Mer. Wholesalers
423620	Electrical and Electronic Appliance, Television, and Radio Set Merchant Wholesalers
423730	Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesale
423830	Industrial Machinery and Equipment Merchant Wholesalers
423840	Industrial Supplies Merchant Wholesalers
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers
423920	Toy and Hobby Goods and Supplies Merchant Wholesalers
423930	Recyclable Material Merchant Wholesalers
424110	Printing and Writing Paper Merchant Wholesalers
424120	Stationery and Office Supplies Merchant Wholesalers
424130	Industrial and Personal Service Paper Merchant Wholesalers
424210	Drugs and Druggists' Sundries Merchant Wholesalers
424310	Piece Good, Notions, and Other Dry Goods Merchant Wholesalers
424320	Men's and Boys' Clothing and Furnishings Merchant Wholesalers
424410	General Line Grocery Merchant Wholesalers
424420	Packaged Frozen Food Merchant Wholesalers
424430	Dairy Products (except Dried or Canned) Merchant Wholesalers
424450	Confectionery Merchant Wholesalers
424470	Meat and Meat Product Merchant Wholesalers
424480	Fresh Fruit and Vegetable Merchant Wholesalers
424610	Plastics Materials and Basic Forms and Shapes Merchant Wholesalers
424710	Petroleum Bulk Stations and Terminals
424720	Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stat. & Term.)
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers
424910	Farm Supplies Merchant Wholesalers
424930	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers
424940	Tobacco and Tobacco Product Merchant Wholesalers
424950	Paint, Varnish, and Supplies Merchant Wholesalers

Table 3 – Under-represented Businesses/Industries in Pima County Continued*

NAICS Code	Type of Business
425110	Business to Business Electronic Markets
425120	Wholesale Trade Agents and Brokers
441110	**New Car Dealers**
441120	**Used Car Dealers**
441222	**Boat Dealers**
442110	**Furniture Stores**
443112	**Radio, Television, and Other Electronic Stores**
443130	**Camera and Photographic Supplies Stores**
444110	**Home Centers**
444120	**Paint and Wallpaper Stores**
445110	**Supermarkets and Other Grocery (except Convenience) Stores**
445120	**Convenience Stores**
445210	**Meat Markets**
445220	**Fish and Seafood Markets**
445230	**Fruit and Vegetable Markets**
445291	**Baked Goods Stores**
445310	**Beer, Wine, and Liquor Stores**
446110	**Pharmacies and Drug Stores**
446120	**Cosmetics, Beauty Supplies, and Perfume Stores**
447110	**Gasoline Stations with Convenience Stores**
447190	**Other Gasoline Stations**
448110	**Men's Clothing Stores**
448120	**Women's Clothing Stores**
448130	**Children's and Infants' Clothing Stores**
448210	**Shoe Stores**
451220	**Prerecorded Tape, Compact Disc, and Record Stores**
452910	**Warehouse Clubs and Supercenters**
453110	**Florists**
453210	**Office Supplies and Stationery Stores**
454111	**Electronic Shopping**
454210	Vending Machine Operators
481211	Nonscheduled Chartered Passenger Air Transportation
484121	General Freight Trucking, Long-Distance, Truckload
484122	General Freight Trucking, Long- Distance, Less than Truckload
484220	Specialized Freight (except Used Goods) Trucking, Local
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance
485320	Limousine Service
486110	Pipeline Transportation of Crude Oil
487210	Scenic and Sightseeing Transportation, Water
448410	Motor Vehicle Towing

Table 3 – Under-represented Businesses/Industries in Pima County Continued*

NAICS Code	Type of Business
488510	Freight Transportation Arrangement
492110	Couriers
492210	Local Messengers and Local Delivery
493110	General Warehousing and Storage
493120	Refrigerated Warehousing and Storage
493130	Farm Product Warehousing and Storage
511110	Newspaper Publishers
511120	Periodical Publishers
511210	Software Publishers
512110	Motion Picture and Video Production
512191	Teleproduction and Other Postproduction Services
512210	Record Production
515112	Radio Stations
516110	Internet Publishing and Broadcasting
517110	Wired Telecommunications Carriers
517212	Cellular and Other Wireless Telecommunications
517310	Telecommunication Resellers
517410	Satellite Telecommunications
517510	Cable and Other Program Distribution
518112	Web Search Portals
518210	Data Processing, Hosting, and Related Services
519120	Libraries and Archives
522110	**Commercial Banking**
522120	**Savings Institutions**
522130	**Credit Unions**
522210	Credit Card Issuing
522220	Sales Financing
522291	**Consumer Lending**
522294	Secondary Market Financing
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities
523120	**Securities Brokerage**
523130	Commodity Contracts Dealing
523930	**Investment Advice**
524113	Direct Life Insurance Carriers
524126	Direct Property and Casualty Insurance Carriers
524130	Reinsurance Carriers
524291	Claims Adjusting
524292	Third Party Administration of Insurance and Pension Funds
531110	Lessors of Residential Buildings and Dwellings

Table 3 – Under-represented Businesses/Industries in Pima County Continued*

NAICS Code	Type of Business
531120	Lessors of Nonresidential Buildings (except Miniwarehouses)
531311	Residential Property Managers
532112	Passenger Car Leasing
532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing
532210	**Consumer Electronics and Appliances Rental**
532291	**Home Health Equipment Rental**
532310	**General Rental Centers**
532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
541191	Title Abstract and Settlement Offices
541214	Payroll Services
541410	Interior Design Services
541420	Industrial Design Services
541430	Graphic Design Services
541511	Custom Computer Programming Services
541512	Computer Systems Design Services
541513	Computer Facilities Management Services
541612	Human Resources and Executive Search Consulting Services
541613	Marketing Consulting Services
541614	Process, Physical Distribution, and Logistics Consulting Services
541810	Advertising Agencies
541840	Media Representatives
541860	Direct Mail Advertising
541910	Marketing Research and Public Opinion Polling
541921	Photography Studios, Portrait
541922	Commercial Photography
551111	Offices of Bank Holding Companies
551112	Offices of Other Holding Companies
551114	Corporate, Subsidiary, and Regional Managing Offices
561310	Employment Placement Agencies
561320	Temporary Help Services
561450	Credit Bureaus
561491	Repossession Services
561612	Security Guards and Patrol Services
561613	Armored Car Services
561910	Packaging and Labeling Services
561920	Convention and Trade Show Organizers
562111	Solid Waste Collection
562212	Solid Waste Landfill

Table 3 – Under-represented Businesses/Industries in Pima County Continued*

NAICS Code	Type of Business
562910	Remediation Services
562920	Materials Recovery Facilities
611310	Colleges, Universities, and Professional Schools
611410	Business and Secretarial Schools
611420	Computer Training
611430	Professional and Management Development Training
611630	Language Schools
611691	Exam Preparation and Tutoring
621112	Offices of Physicians, Mental Health Specialists
621210	Offices of Dentists
621320	Offices of Optometrists
621330	Offices of Mental Health Practitioners (except Physicians)
621420	Outpatient Mental Health and Substance Abuse Centers
621492	Kidney Dialysis Centers
621493	Freestanding Ambulatory Surgical and Emergency Centers
621991	Blood and Organ Banks
623110	Nursing Care Facilities
624410	Child Day Care Services
711120	Dance Companies
711130	Musical Groups and Artists
711211	Sports Teams and Clubs
711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities
711410	Agents & Managers for Artists, Athletes, Entertainers, & Other Public Figures
721110	Hotels (except Casino Hotels) and Motels
722110	**Full-Service Restaurants**
722211	**Limited-Service Restaurants**
722212	**Cafeterias**
722310	Food Service Contractors
722320	Caterers
722330	Mobile Food Services
811121	Automotive Body, Paint, and Interior Repair and Maintenance
811191	Automotive Oil Change and Lubrication Shops
811212	Computer and Office Machine Repair and Maintenance
811213	Communication Equipment Repair and Maintenance
811310	Com. & Ind. Machinery & Equipment (except Auto & Electronic) Repair & Maintenance
811430	**Footwear and Leather Goods Repair**
812113	**Nail Salons**
812191	**Diet and Weight Reducing Centers**
812210	**Funeral Homes and Funeral Services**

Table 3 – Under-represented Businesses/Industries in Pima County Continued*

NAICS Code	Type of Business
812220	Cemeteries and Crematories
812310	Coin-Operated Laundries and Drycleaners
812320	Drycleaning and Laundry Services (except Coin-Operated)
812331	Linen Supply
812332	Industrial Launderers
812930	Parking Lots and Garages
813110	Religious Organizations
813311	Human Rights Organizations
813410	Civic and Social Organizations
813910	Business Associations
813920	Professional Organizations
813930	Labor Unions and Similar Labor Organizations

*Developed by The Chesapeake Group, Inc., 2009.

Common Under-represented Industries

A total of thirty-three industries were identified as being under-represented on both a zip code and County level. These businesses are identified in the following table. It is noted that there are many under-represented retail operations at the county level and more at the local level than at the combined level. In certain circumstances, the under-representation at the county level with lesser under-representation at the local level does represent opportunities to build on niches.

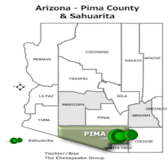
Table 4 – Common Under-represented Businesses/Industries*

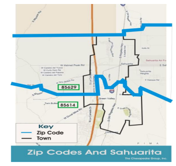
NAICS Code	Type of Business
236220	Commercial Building Construction
237310	Highway, Street, and Bridge Construction
238170	Siding Contractors
423450	Medical, Dental, & Hospital Equipment & Supply Merchant Wholesalers
423830	Industrial Machinery & Equipment Merchant Wholesalers
441110	**New Car Dealers**
441120	**Used Car Dealers**
443112	**Radio, Television, & Other Electronics Store**
445120	**Convenience Stores**
445310	**Beer, Wine & Liquor Stores**
446120	**Cosmetics, Beauty Supplies, & Perfume Stores**
447110	**Gasoline Stations with Convenience Stores**
447190	**Other Gasoline Stations**
484121	General Freight Trucking, Long Distance, Truckload

Table 4 – Common Under-represented Businesses/Industries Continued*

NAICS Code	Type of Business
484220	Specialized Freight (except Used Goods) Trucking, Local
493110	General Warehousing & Storage
511110	Newspaper Publishers
522130	**Credit Unions**
522291	**Consumer Lending**
531110	Lessors of Residential Buildings & Dwellers
532310	General Rental Centers
541921	Photography Studios, Portrait
551114	Corporate, Subsidiary, & Regional Managing Offices
561320	Temporary Help Services
624410	Child Day Care Services
722211	**Limited-Service Restaurants**
722212	**Cafeterias, Buffets, & Grill Buffets**
811121	Automotive Body, Paint, & Interior Repair & Maintenance
811191	Automotive Oil Change & Lubrication
811310	Com.& Industrial Mach & Equip (except Auto & Electric) Repair & Maintenance
812210	**Funeral Homes & Funeral Services**
812320	**Drycleaning and Laundry Services (except Coin-Operated)**

*Developed by The Chesapeake Group, Inc., 2009.





The market is the driving force behind economic viability, whether it is commercial or service opportunity. Commercial opportunity is dependent upon the ability of the "consumer" to make purchases that result in the generation of revenues or sales.

Survey of Residents

In an effort to understand the market opportunities, a telephone survey of households residing in both Sahuarita and Green Valley was conducted. The intent of the survey was to provide detailed data on spending for modeling associated with forecasts of demand. The following is a synopsis of the survey's findings. (Since both Sahuarita and Green Valley were covered by the surveys, where significant differences exist in results for Sahuarita, those results are separated in the appropriate tables.)

Market Penetration

One of the primary factors in defining long-term economic viability of a commercial area or composite of commercial activity is market penetration. Market penetration is defined by the share of households that conduct business in an area with regular frequency. The telephone survey generated much related information including:

- ✓ As shown in Table 5, about two-thirds (66%) of the households have one or more members that go shopping at a frequency of at least once each week.
- ✓ 62% of the households indicated that someone in the household utilizes commercial establishments within the area at a frequency of at least once each week.

Table 5 - Frequency of Trips*

Frequency of Trips	%
More Than Once / Week	46
About Once / Week	20
Few Times / Month	14
Twice / Month	13
Once / Month	4
Less Often	3
Total	100

*Developed by The Chesapeake Group, Inc., 2009.

Table 6 - Frequency of Trips to Sahuarita*

Frequency of Trips to Sahuarita	% total	% Sahuarita
More Than Once / Week	32	41
About Once / Week	30	30
Few Times / Month	14	16
Twice / Month	3	2
Once / Month	7	8
Less Often	14	3
Total	100	100

*Developed by The Chesapeake Group, Inc., 2009.

Select Demographics

Certain demographic factors impact consumer demand. The synopsis of salient factors includes:

Table 7 – Number of Household Members*

Number	% total	% Sah.
1	17	13
2	45	42
3	12	17
4	19	19
5 Or More	7	9
Total	100	100

*Developed by The Chesapeake Group, Inc., 2009.

- ✓ 45% of the households consist of two people; 17% of one person; and the remainder contain three or more members. The average household consists of 2.55 members.
- ✓ Essentially, 36% households contain at least one child six years old or younger; and 7% contain more than one. (The presence of pre-school age children within households has a significant impact on many aspects of household's spending patterns.)

Table 8 – Number of Household Members Pre-School Age*

Number Younger Than Six	% total	% Sahuarita
0	64	50
1	29	37
2 Or More	7	13
Total	100	100

*Developed by The Chesapeake Group, Inc., 2009.

- ✓ One in three (30%) households does not contain a member working on a full-time basis, while 20% contain two or more members working full-time. (Employment trends and patterns are also significant factors in demand. They impact not just the ability to purchase goods and services through income generation, but also times and frequencies of purchases, locations of purchases, etc.)
- ✓ About one-fourth (26%) of the households contain at least one member working on a part-time basis.

Roughly one-third (36%) of the households have a member at least 65 years of age.

Table 9 – Number of Household Members Employed Full-Time*

Number Full-Time	%
0	30
1	50
2	19
3 Or More	1
Total	100

*Developed by The Chesapeake Group, Inc., 2009.

Table 10 – Age of Eldest Member of the Household*

Age	% total	% Sahuarita
25 To 34	6	8
35 To 44	19	21
45 To 54	13	25
55 To 64	20	18
65 Or Older	36	28
Total	100	100

*Developed by The Chesapeake Group, Inc., 2009.

Table 11 – Total Household Income*

Income Category	%
Under $14,999	4
$15,000 To $24,999	20
$25,000 To $49,999	22
$50,000 To $74,999	30
$75,000 To $99,999	12
$100,000 Or More	12
Total	100

*Developed by The Chesapeake Group, Inc., 2009.

✓ On average, the households reported average annual incomes of roughly $57,000. This figure includes incomes derived from employment as well as retirement sources.

Select Spending

There are essentially three commodities upon which households spend most of their incomes and assets over time. These are food, transportation, and housing. The type and variety of each commodity often changes with income and other fiscal resources. Both general questions about spending, such as how often people shop for various merchandise, and specific spending information, such as the amount generally spent at supermarkets, were asked. The former and latter are used in computer modeling when combined with industry averages and other salient data.

Food for home consumption is generally purchased at supermarkets or other facilities that have a supermarket component, such as Wal*Mart; while other food is purchased at food service establishments for consumption either at the facility or elsewhere. With respect to food:

- ✓ 30% spend less than $50 per week on groceries, while 31% spend more than $100 each week on grocery and related items. On average, households spend approximately $79.00 on groceries each week.

Table 12 – Average Amount Spent on Groceries and Related Merchandise per week*

Amount Spent	% total	% Sahuarita
Less than $34.99	14	10
$35 To $49.99	16	12
$50 To $74.99	17	20
$75 To $99.99	22	23
$100 To $124.99	24	25
$125 Or More	7	10
Total	100	100

*Developed by The Chesapeake Group, Inc., 2009.

- ✓ The Safeway store on West Duval Mine Road and the Wal*Mart Supercenter on Nogales Highway are the most popular stores for groceries. Bashas' Supermarket is the third most popular, followed by Fry's Marketplace and the Safeway on West Continental Road.

- ✓ 45% of the households have someone eating lunch out at the rate of at least once a week, while 77% have someone eating lunch out at a frequency of at least once per month.

Table 13 - Frequency Lunch is Consumed Outside the Home*

Frequency	% total	% Sahuarita
Few Times / Week	34	36
About Once / Week	11	14
Twice / Month	20	20
Once / Month	12	12
4 to 9 Times / Year	3	3
Less Often	20	15
Total	100	100

*Developed by The Chesapeake Group, Inc., 2009.

Table 14 - Type of Establishment Most Often Associated With Lunch*

Type Of Establishment	%
Full-Service Restaurant	45
Fast Food Operation	34
All You Can Eat Buffet	20
Cafeteria	5
Sub Shop	12
Other	8

*Developed by The Chesapeake Group, Inc., 2009.

✓ Full-service restaurants are the most popular choice for lunch. Popular establishments included: Arizona Family Restaurant, Spanky's, Agave Restaurant, Panda House, Grill at Quail Creek, Manuel's, Jerry Bob's, Burger King, Pizza Hut, Quiznos, Subway, and McDonalds. The "other" category includes Mexican, Pizza, and establishments associated with a golf course or club.

✓ 74% have dinner at a food service establishment at least on a monthly basis.

Table 15 – Frequency Dinner is Consumed Outside the Home*

Frequency	% total	% Sahuarita
Few Times / Week	19	20
About Once / Week	12	17
Twice / Month	26	29
Once / Month	17	19
4 to 9 Times / Year	8	9
Less Often	18	10
Total	100	100

*Developed by The Chesapeake Group, Inc., 2009.

✓ Full-service restaurants were preferred by 95% of the households for the dinner meal outside of the home. Popular establishments include: Florentino's, Agave Restaurant, Solaris, Arizona Family Restaurant, Manuel's Restaurant, Denny's, La Placita Bar & Grill, Trattoria Ragazzi, Coach's Corner, Dona's Diner, and the Olive Garden in Tucson.

Table 16 - Type of Establishment Most Often Associated With Dinner and Lunch*

Type Of Establishment	% Dinner	% Lunch
Full-Service Restaurant	95	45
Fast Food Operation	5	34
All You Can Eat Buffet	7	20
Cafeteria	9	5
Other	7	20

*Developed by The Chesapeake Group, Inc., 2009.

Transportation represents one of the three major household expenses.

- ✓ All but 2% of the households own or lease a personal vehicle.
- ✓ 58% of the households own more than a single vehicle.
- ✓ On average, each household within the area owns or leases 1.75 vehicles.

The third major area of household spending is shelter or housing. Spending on housing over time is dependent upon a number of factors. One of those factors is the ownership pattern. In general, standard, fixed rate mortgages have a tendency to increase at a slower pace, if at all, than do payments for rent.

- ✓ A majority of 76% of the households own rather than rent their residences.
- ✓ While households report residing at their current address for periods of time ranging from less than two years to more than twenty; only 9% have lived at the same address for more than twenty years.

Table 17 – Number of Years Living at the Address*

Number Of Years	%
Two Or Less	17
3 To 4	33
5 To 9	26
10 To 19	15
20 Or More	9
Total	100

*Developed by The Chesapeake Group, Inc., 2009

Table 18 – Amount Spent on Rent or Mortgage Per Month*

Rent/Mortgage	% total	% Sahuarita
None	20	8
Less Than $500	5	5
$500 To $749	7	8
$750 To $999	22	23
$1,000 To $1,249	18	21
$1,250 To $1,499	19	21
$1,500 Or More	9	14
Total	100	100

*Developed by The Chesapeake Group, Inc., 2009

- ✓ 20% of the households do not have a monthly mortgage or rent payment.
- ✓ The average monthly housing cost for the households with a monthly rent or mortgage payment is estimated to be $1,100.
- ✓ Nine in ten (98%) of the households are full-time residents of the area.
- ✓ About nine of ten (86%) of the part-time residents spend between five and nine months in the community.
- ✓ Of those living in the area part-time, one-half indicated their desire to reside in the area year-round; and 38% are uncertain.
- ✓ About two-thirds (69%) of those residing in the area believe they will continue to live in the unit that they occupy at present in the foreseeable future. 15% did not think so; and 16% were not certain.

The following provides additional information on household spending.

- ✓ One in three (29%) of the households have at least one member going out to the movies at a frequency of at least once each month, while 49% rarely do so.

Table 19 - Frequency Household Members Go Out to the Movies*

Frequency	%
About Once / Week	3
Twice / Month	17
Once / Month	9
4 to 9 Times / Year	8
Few Times / Year	14
Less Often	49
Total	100

*Developed by The Chesapeake Group, Inc., 2009.

- ✓ 39% of the households make purchases by catalog or over the internet at a rate of at least once each month, while 32% never make such purchases. (It is noted that internet purchases continue to grow at the expense of "bricks and mortar" purchases.)

Table 20 - Frequency Household Members Make Purchases by Catalog or On-Line*

Frequency	% total	% Sahuarita
About Once / Week	6	11
Twice / Month	20	22
Once / Month	13	20
4 to 9 Times / Year	12	13
Few Times / Year	11	14
Once / Year	6	7
Less Often	6	5
Never	26	8
Total	100	100

*Developed by The Chesapeake Group, Inc., 2009

- ✓ Almost one-half (46%) of the households purchase health and beauty aids at least several times each month, while the purchase of shoes, children's clothing, and auto parts takes place significantly less frequently.

Table 21 - Frequency of Purchases of Selected Household Items (In %)*

Product	Once/ Week +	Once/ Week	Few/ Month	Twice/ Month	Once/ Month	Less Often	*Total*
Health Care, Beauty Aids	13	10	9	14	19	35	100
Shoes	-	-	1	10	14	75	100
Children's Clothes	-	-	2	12	10	76	100
Vehicle Parts	-	-	-	3	7	90	100

*Developed by The Chesapeake Group, Inc., 2009.

The most popular stores for apparel purchases are the Wal*Mart Supercenter on Nogales Highway followed by the Beall's in Green Valley. Sears and Bon Worth were also popular. A reasonable number preferred thrift stores or resale shops, such as Encore Classics and the White Elephant. Popular Tucson area stores include Dillard's, Penney's, Target, Macy's, and Kohl's.

Demand Estimates

As noted, the market is the driving force behind economic viability, whether it is commercial or service opportunity. In an effort to define opportunities specifically for commercial activity for Sahuarita and the town center, a forecasting of demand for goods and services was performed. One of the primary sources, but not the only source of information used to define spending patterns for the retail and related services demand components was the telephone survey. The following represents a review of demand for retail activity. It is noted that:

- ✓ All estimates are in 2009 dollars. Inflation and deflation has been excluded from all estimates of future demand and associated sales, revenues and, thus, supportable space.
- ✓ There have been some substantial changes in consumer spending in the past year that are anticipated to remain relatively constant over the next few years if not longer.
- ✓ The estimates are considered conservative in nature, underestimating rather than overestimating potential.

Markets

There are essentially two general markets from which commercial activity in Sahuarita and the town center can draw. The two markets are part and full-time residents of Sahuarita, Green Valley and less urbanized closer neighboring land. This is considered the primary market. The secondary market is defined as other sections of Pima County, for which market penetration or current attraction ability is not statistically significant.

Those coming from outside of the first two have been excluded from the analysis in an effort to not overstate potential demand. Yet, it is recognized that there are substantial visitors that come into and through Pima County and Sahuarita. The demand forecast has excluded these from consideration while providing discussion of this tertiary market force.

Primary Market

- ✓ Aggregate retail goods and related services sales generated by the primary market, consisting of residents of the Sahuarita area, are estimated at about $498 million in 2009.
- ✓ Secondary aggregate market sales are estimated at $8.2 billion for 2009.

Aggregate retail sales figures represent a compilation of sales associated with ten major categories. The ten major categories of retail goods and related services demand are as follows:

- Food, such as groceries and related merchandise generally purchased for home preparation or consumption.
- Eating and drinking, consisting of prepared food and beverages generally consumed on the premises or carried to another location.

- General merchandise, including variety stores, department stores and large value oriented retail operators.
- Furniture and accessories, including appliances and home furnishings.
- Transportation and utilities, including the sale of new and used automotive and other personal vehicles and parts and basic utilities for the home.
- Drugstores, including those specializing in health and beauty aids or pharmaceuticals.
- Apparel and accessories.
- Hardware and building materials, including traditional hardware stores and garden and home improvement centers.
- Auto services, including gasoline and vehicle repair.
- Miscellaneous, including a plethora of retail goods and services ranging from florists to paper goods.

Many of today's better known operations in fact fall into more than one category. For example, many of the "big box" general merchandisers, such as Wal*Mart, have traditional supermarket components within their operations.

Table 22 contains the estimates of retail goods and related services sales or revenues generated by the primary market for 2009 by major category.

Table 22 – Estimates of Retail Sales Generated by the Primary Market by Category for 2009*

Category	2009
Food	$71,131,000
Eat/Drink	48,750,000
General Merchandise	79,605,000
Furniture	30,855,000
Transportation	103,431,000
Drugstore	21,982,000
Apparel	24,774,000
Hardware	50,993,000
Vehicle Service	47,504,000
Miscellaneous	19,440,000
TOTAL	$498,465,000

*Developed by The Chesapeake Group, Inc., 2009.

There are sub-categories found within each retail category. In general, each of these sub-categories is associated with a particular type or cluster of businesses. While not necessarily the largest in terms of sales, the miscellaneous category contains more sub-categories or types of establishments than any other major retail category.

It is important to understand that irrespective of the strength, location factors, mass, or other issues, no community or development is capable of attracting all of the sales generated in a primary or other market area. As examples, people employed elsewhere often spend resources at or near their places of employment. At other times, people make visits and spend money with relatives and friends living in other locations or while on vacations.

Table 23 contains a further breakdown of retail goods and related services sales by categories and sub-categories generated by the primary market for 2009.

Table 23 – Estimates of Retail Sales Generated by the Primary Market by Sub-category for 2009*

Sub-category	2009 Sales
Food	$71,131,000
Supermarkets	59,394,385
Independents	5,690,480
Bakeries	1,564,882
Dairies	924,703
Others	3,556,550
Eat/Drink	48,750,000
General Merchandise	79,605,000
Dept. Stores	28,180,170
Variety Stores	5,731,560
Jewelry	5,492,745
Sporting Goods/Toys	8,676,945
Discount Dept.	29,851,875
Antiques, etc.	398,025
Others	1,273,680
Furniture	30,855,000
Furniture	4,659,105
Home Furnishings	6,417,840
Store/Office Equip.	4,875,090
Music Instr./Suppl.	1,326,765
Radios,TV, etc.	13,576,200
Transportation	103,431,000
New/Used Vehicles	36,200,850
Tires, Batt., Prts.	45,613,071
Marine Sales/Rentals	5,481,843
Auto/Truck Rentals	16,135,236
Drugstore	21,982,000
Apparel	24,774,000
Men's and Boy's	3,245,394
Women's and Girl's	8,224,968
Infants	520,254
Family	6,887,172
Shoes	5,177,766
Jeans/Leather	99,096
Tailors/Uniforms	445,932
Others	173,418
Hardware	50,993,000
Hardware	24,680,612
Lawn/Seed/Fertil.	968,867
Others	25,343,521
Vehicle Service	47,504,000
Gasoline	16,151,360
Garage, Repairs	31,352,640
Miscellaneous	19,440,000
Advert. Signs, etc.	311,040
Barber/Beauty shop	1,185,840
Book Stores	894,240
Bowling	447,120
Cig./Tobacco Dealer	136,080
Dent./Physician Lab	777,600
Florist/Nurseries	1,458,000
Laundry, Dry Clean	660,960
Optical Goods/Opt.	466,560
Photo Sup./Photog.	1,341,360
Printing	1,574,640
Paper/Paper Prod.	835,920
Gifts/Cards/Novel.	2,779,920
Newsstands	155,520
Video Rent/Sales	2,527,200
Others	3,888,000
TOTAL	$498,465,000

*Developed by The Chesapeake Group, Inc., 2009.

Retail sales and related services revenues are converted to supportable space through the application of sales or revenue productivity levels. A sales or revenue productivity level is the level of sales or revenues per square foot at which it is assumed that the business will generate sufficient revenue to cover all costs of operation as well as provide a reasonable return on investment for the ownership or operating entity.

Sales productivity levels vary for each sub-category, type of business operation, or store-type. The productivity levels vary from low figures for bowling centers to hundreds of dollars for others. Supportable space is derived by dividing the amount of sales by a productivity level.

Table 24 contains the estimates of space by category for 2009, while Table 25 contains the supportable space estimates by category and sub-categories or types of operations. It is noted that:

- ✓ The three largest categories of supportable square feet are associated with transportation, general merchandise and hardware.
- ✓ Of the three largest categories, hardware is the one which is mostly associated with "convenience" goods and trips, meaning that purchases are often made close to home if and when available.

Table 24 – Estimates of Primary Market Generated Supportable Space for 2009 (in Square Feet)*

Category	2009 Space
Food	132,841
Eat/Drink	121,875
General Merchandise	259,663
Furniture	95,039
Transportation	300,971
Drugstore	43,964
Apparel	77,089
Hardware	216,770
Vehicle Service	115,648
Miscellaneous	75,083
TOTAL	1,438,943

*Developed by The Chesapeake Group, Inc., 2009.

Once again, no development, community, or composite of commercial centers will attract all of the sales and, therefore, associated space in any market no matter how viable and strong such composite or area is.

From a public policy perspective, growth opportunities are critical. By focusing on opportunities that result from growth and assuming reasonable competitive positions, no sales or revenues are extracted from existing operations to create or attract new business or businesses. Thus and theoretically, expansions or new businesses do not come at the expense of existing ones.

Table 25 – Estimates of Primary Market Generated Supportable Space by Sub-category for 2009 (in Square Feet)*

Sub-category	2009 Sales	2009 Space
Food	$71,131,000	132,841
Supermarkets	59,394,385	100,668
Independents	5,690,480	14,226
Bakeries	1,564,882	5,216
Dairies	924,703	2,569
Others	3,556,550	10,162
Eat/Drink	48,750,000	121,875
General Merchandise	79,605,000	259,663
Dept. Stores	28,180,170	93,934
Variety Stores	5,731,560	22,044
Jewelry	5,492,745	7,736
Sporting Goods/Toys	8,676,945	28,923
Discount Dept.	29,851,875	99,506
Antiques, etc.	398,025	1,731
Others	1,273,680	5,789
Furniture	30,855,000	95,039
Furniture	4,659,105	15,029
Home Furnishings	6,417,840	18,337
Store/Office Equip.	4,875,090	16,250
Music Instr./Suppl.	1,326,765	6,634
Radios,TV, etc.	13,576,200	38,789
Transportation	103,431,000	300,971
New/Used Vehicles	36,200,850	90,502
Tires, Batt., Prts.	45,613,071	152,044
Marine Sales/Rentals	5,481,843	14,816
Auto/Truck Rentals	16,135,236	43,609
Drugstore	21,982,000	43,964
Apparel	24,774,000	77,089
Men's and Boy's	3,245,394	8,113
Women's and Girl's	8,224,968	22,230
Infants	520,254	1,734
Family	6,887,172	22,957
Shoes	5,177,766	18,828
Jeans/Leather	99,096	330
Tailors/Uniforms	445,932	2,230
Others	173,418	667
Hardware	50,993,000	216,770
Hardware	24,680,612	98,722
Lawn/Seed/Fertil.	968,867	2,850
Others	25,343,521	115,198
Vehicle Service	47,504,000	115,648
Gasoline	16,151,360	11,139
Garage, Repairs	31,352,640	104,509
Miscellaneous	19,440,000	75,083
Advert. Signs, etc.	311,040	1,131
Barber/Beauty shop	1,185,840	5,929
Book Stores	894,240	2,417
Bowling	447,120	4,471
Cig./Tobacco Dealer	136,080	272
Dent./Physician Lab	777,600	2,393
Florist/Nurseries	1,458,000	3,431
Laundry, Dry Clean	660,960	2,203
Optical Goods/Opt.	466,560	1,333
Photo Sup./Photog.	1,341,360	3,832
Printing	1,574,640	5,726
Paper/Paper Prod.	835,920	4,180
Gifts/Cards/Novel.	2,779,920	9,266
Newsstands	155,520	311
Video Rent/Sales	2,527,200	12,636
Others	3,888,000	15,552
TOTAL	$498,465,000	1,438,943

*Developed by The Chesapeake Group, Inc., 2009.

As previously defined, national economic conditions have had a substantial impact on Arizona. An inventory of unsold houses exist, projects are being postponed, foreclosures are up, retirement and other investment incomes are down, and home prices have fallen to such an extent that it may be advantageous for many current owners to divest themselves in one manner or another of their current residences in the future.

These difficult market conditions will be abated in the future. However, the market that returns could be very different than the former market. Also, there is uncertainty as to the potential time frame for market stabilization and enhancement.

Based on the market uncertainties and in an effort to provide definition to future retail opportunities, four scenarios of future retail are provided for the primary market based on varied assumptions related to growth. A synopsis description of the four alternatives, defined as “Alt A” through “Alt D” follows.

- ✓ Alt A

  The first alternative can be described as maintenance of the current levels. Assumptions include a short-term decline in households in the area followed by a very marginal amount of growth over an extended ten year time frame. The marginal growth is sufficient to offset growth in retail goods purchased that are not related to “bricks and mortar” structures near home. Thus, constant dollar sales will not increase through 2019.

  In this scenario no additional estimates are made as the estimates for 2009 are essentially the same for 2019.

- ✓ Alt B

  The second alternative assumes no real or marginal growth in households over the next two years, but with a total of 500 new housing units and related households through 2014 and 750 additional units and households between 2015 and 2019.

- ✓ Alt C

  The third alternative reflects an annual growth rate after the initial first two years of about one-half the growth rate during the last few years in new housing units and households. This scenario, if for nearby areas of Tucson and Phoenix, would represent a growth rate more closely to that achieved during the 1980’s when credit associated with home buying was much tighter than during the early part of this century. This scenario assumes 1,400 new units and households through 2014 and 2,000 additional households and units between 2015 and 2019.

- ✓ Alt D

  The fourth and final alternative assumes that Sahuarita area will grow at a similar rate to the growth during the 2002 to 2008 period, but below its peak year. It assumes a growth of 3,080 new households and units through 2014 and 4,400 additional units and households between 2015 and 2019.

From a public policy perspective, opportunities that result from growth can be important.. By focusing on opportunities that result from growth and assuming reasonable competitive positions, no sales or revenues are extracted from existing operations to create or attract new business or businesses. Thus and theoretically, expansions or new businesses do not come at the expense of existing ones.

The following as a synopsis of the estimates for future retail opportunity derived from the alternatives. Again, no estimates are essential for Alt A, since that alternative assumes “bricks and mortar” retail sales and supportable space will neither grow nor diminish through 2019.

Alt B

- ✓ Retail goods and related services sales for 2019 are anticipated to be $536 million. This is sufficient to support roughly 1.55 million square feet of space.

Table 26 – Estimates of Retail Sales and Supportable Space by Category for 2009 and 2019 for Alt B*

Category	2009	2019	2009	2019
Food	$71,131,000	$76,520,000	132,841	142,904
Eat/Drink	48,750,000	52,443,000	121,875	131,108
General Merchandise	79,605,000	85,636,000	259,663	279,336
Furniture	30,855,000	33,192,000	95,039	102,238
Transportation	103,431,000	111,267,000	300,971	323,772
Drugstore	21,982,000	23,648,000	43,964	47,296
Apparel	24,774,000	26,651,000	77,089	82,932
Hardware	50,993,000	54,856,000	216,770	233,191
Vehicle Service	47,504,000	51,102,000	115,648	124,407
Miscellaneous	19,440,000	20,913,000	75,083	80,773
TOTAL	$498,465,000	$536,227,500	1,438,943	1,547,957

*Developed by The Chesapeake Group, Inc., 2009.

- ✓ As found in Tables 27 and 28, increases in supportable space are expected, increasing by about 110,000 square feet above the 2009 level.

Table 27 – Estimates of Retail Sales and Supportable Space by Category for 2009 and 2019 and Change in Sales and Space from 2009 to 2019 for Alt B*

Category	2009	2009-2019	2009 Space	2009-2019 Space
Food	$71,131,000	$5,389,000	132,841	10,065
Eat/Drink	48,750,000	3,693,000	121,875	9,233
General Merchandise	79,605,000	6,031,000	259,663	19,673
Furniture	30,855,000	2,338,000	95,039	7,201
Transportation	103,431,000	7,836,000	300,971	22,802
Drugstore	21,982,000	1,665,000	43,964	3,330
Apparel	24,774,000	1,877,000	77,089	5,841
Hardware	50,993,000	3,863,000	216,770	16,422
Miscellaneous	19,440,000	1,473,000	75,083	5,689
TOTAL	$498,465,000	$37,764,000	1,438,943	109,018

*Developed by The Chesapeake Group, Inc., 2009.

Table 28 – Estimates of Retail Sales and Supportable Space by Sub-category for 2009 and 2019 and Change in Sales and Space from 2009 to 2019 for Alt B*

Sub-category	2009	2009-2019	2009 Space	2009-2019 Space
Food	$71,131,000	$5,389,000	132,841	10,065
Supermarkets	59,394,385	4,499,815	100,668	7,627
Independents	5,690,480	431,120	14,226	1,078
Bakeries	1,564,882	118,558	5,216	395
Dairies	924,703	70,057	2,569	195
Others	3,556,550	269,450	10,162	770
Eat/Drink	48,750,000	3,693,000	121,875	9,233
General Merchandise	79,605,000	6,031,000	259,663	19,673
Dept. Stores	28,180,170	2,134,974	93,934	7,117
Variety Stores	5,731,560	434,232	22,044	1,670
Jewelry	5,492,745	416,139	7,736	586
Sporting Goods/Toys	8,676,945	657,379	28,923	2,191
Discount Dept.	29,851,875	2,261,625	99,506	7,539
Antiques, etc.	398,025	30,155	1,731	131
Others	1,273,680	96,496	5,789	439
Furniture	30,855,000	2,338,000	95,039	7,201
Furniture	4,659,105	353,038	15,029	1,139
Home Furnishings	6,417,840	486,304	18,337	1,389
Store/Office Equip.	4,875,090	369,404	16,250	1,231
Music Instr./Suppl.	1,326,765	100,534	6,634	503
Radios,TV, etc.	13,576,200	1,028,720	38,789	2,939
Transportation	103,431,000	7,836,000	300,971	22,802
New/Used Vehicles	36,200,850	2,742,600	90,502	6,857
Tires, Batt., Prts.	45,613,071	3,455,676	152,044	11,519
Marine Sales/Rentals	5,481,843	415,308	14,816	1,122
Auto/Truck Rentals	16,135,236	1,222,416	43,609	3,304
Drugstore	21,982,000	1,665,000	43,964	3,330
Apparel	24,774,000	1,877,000	77,089	5,841
Men's and Boy's	3,245,394	245,887	8,113	615
Women's and Girl's	8,224,968	623,164	22,230	1,684
Infants	520,254	39,417	1,734	131
Family	6,887,172	521,806	22,957	1,739
Shoes	5,177,766	392,293	18,828	1,427
Jeans/Leather	99,096	7,508	330	25
Tailors/Uniforms	445,932	33,786	2,230	169
Others	173,418	13,139	667	51
Hardware	50,993,000	3,863,000	216,770	16,422
Hardware	24,680,612	1,869,692	98,722	7,479
Lawn/Seed/Fertil.	968,867	73,397	2,850	216
Others	25,343,521	1,919,911	115,198	8,727
Vehicle Service	47,504,000	3,599,000	115,648	8,762
Gasoline	16,151,360	1,223,660	11,139	844
Garage, Repairs	31,352,640	2,375,340	104,509	7,918
Miscellaneous	19,440,000	1,473,000	75,083	5,689
Advert. Signs, etc.	311,040	23,568	1,131	86
Barber/Beauty shop	1,185,840	89,853	5,929	449
Book Stores	894,240	67,758	2,417	183
Bowling	447,120	33,879	4,471	339
Cig./Tobacco Dealer	136,080	10,311	272	21
Dent./Physician Lab	777,600	58,920	2,393	181
Florist/Nurseries	1,458,000	110,475	3,431	260
Laundry, Dry Clean	660,960	50,082	2,203	167
Optical Goods/Opt.	466,560	35,352	1,333	101
Photo Sup./Photog.	1,341,360	101,637	3,832	290
Printing	1,574,640	119,313	5,726	434
Paper/Paper Prod.	835,920	63,339	4,180	317
Gifts/Cards/Novel.	2,779,920	210,639	9,266	702
Newsstands	155,520	11,784	311	24
Video Rent/Sales	2,527,200	191,490	12,636	957
Others	3,888,000	294,600	15,552	1,178
TOTAL	$498,465,000	$37,764,000	1,438,943	109,018

*Developed by The Chesapeake Group, Inc., 2009.

Alt C

✓ Retail goods and related services sales for 2019 are anticipated to be $601 million. This is sufficient to support roughly 1.74 million square feet of space. (All estimates of space found in the following charts are in square feet.)

Table 29 – Estimates of Primary Market Retail Sales and Supportable Space by Category for 2009 and 2019 for Alt C*

Category	2009	2019	2009 Space	2019 Space
Food	$71,131,000	$85,788,000	132,841	160,214
Eat/Drink	48,750,000	58,795,000	121,875	146,988
General Merchandise	79,605,000	96,008,000	259,663	313,168
Furniture	30,855,000	37,213,000	95,039	114,623
Transportation	103,431,000	124,745,000	300,971	362,991
Drugstore	21,982,000	26,512,000	43,964	53,024
Apparel	24,774,000	29,879,000	77,089	92,974
Hardware	50,993,000	61,501,000	216,770	261,439
Vehicle Service	47,504,000	57,292,000	115,648	139,476
Miscellaneous	19,440,000	23,446,000	75,083	90,557
TOTAL	$498,465,000	$601,179,000	1,438,943	1,735,454

*Developed by The Chesapeake Group, Inc., 2009.

✓ As found in Tables 30 and 31, the growth in the area is expected to support about 300,000 square feet of space above the 2009 level.

Table 30 – Estimates of Primary Market Retail Sales and Supportable Space by Category for 2009 and 2019 and Change in Sales and Space from 2009 to 2019 for Alt C*

Category	2009	2009-2019	2009 Space	2009-2019 Space
Food	$71,131,000	$14,657,000	132,841	27,372
Eat/Drink	48,750,000	10,045,000	121,875	25,113
General Merchandise	79,605,000	16,403,000	259,663	53,506
Furniture	30,855,000	6,358,000	95,039	19,584
Transportation	103,431,000	21,313,000	300,971	62,018
Drugstore	21,982,000	4,530,000	43,964	9,060
Apparel	24,774,000	5,105,000	77,089	15,885
Hardware	50,993,000	10,508,000	216,770	44,669
Vehicle Service	47,504,000	9,789,000	115,648	23,831
Miscellaneous	19,440,000	4,006,000	75,083	15,473
TOTAL	$498,465,000	$102,714,000	1,438,943	296,511

*Developed by The Chesapeake Group, Inc., 2009.

Table 31 – Estimates of Primary Market Retail Sales and Supportable Space by Sub-category for 2009 and 2019 and Change in Sales and Space from 2009 to 2019 for Alt C*

Sub-category	2009	2009-2019	2009 Space	2009-2019 Space
Food	$71,131,000	$14,657,000	132,841	27,372
Supermarkets	59,394,385	12,238,595	100,668	20,743
Independents	5,690,480	1,172,560	14,226	2,931
Bakeries	1,564,882	322,454	5,216	1,075
Dairies	924,703	190,541	2,569	529
Others	3,556,550	732,850	10,162	2,094
Eat/Drink	48,750,000	10,045,000	121,875	25,113
General Merchandise	79,605,000	16,403,000	259,663	53,506
Dept. Stores	28,180,170	5,806,662	93,934	19,356
Variety Stores	5,731,560	1,181,016	22,044	4,542
Jewelry	5,492,745	1,131,807	7,736	1,594
Sporting Goods/Toys	8,676,945	1,787,927	28,923	5,960
Discount Dept.	29,851,875	6,151,125	99,506	20,504
Antiques, etc.	398,025	82,015	1,731	357
Others	1,273,680	262,448	5,789	1,193
Furniture	30,855,000	6,358,000	95,039	19,584
Furniture	4,659,105	960,058	15,029	3,097
Home Furnishings	6,417,840	1,322,464	18,337	3,778
Store/Office Equip.	4,875,090	1,004,564	16,250	3,349
Music Instr./Suppl.	1,326,765	273,394	6,634	1,367
Radios,TV, etc.	13,576,200	2,797,520	38,789	7,993
Transportation	103,431,000	21,313,000	300,971	62,018
New/Used Vehicles	36,200,850	7,459,550	90,502	18,649
Tires, Batt., Prts.	45,613,071	9,399,033	152,044	31,330
Marine Sales/Rentals	5,481,843	1,129,589	14,816	3,053
Auto/Truck Rentals	16,135,236	3,324,828	43,609	8,986
Drugstore	21,982,000	4,530,000	43,964	9,060
Apparel	24,774,000	5,105,000	77,089	15,885
Men's and Boy's	3,245,394	668,755	8,113	1,672
Women's and Girl's	8,224,968	1,694,860	22,230	4,581
Infants	520,254	107,205	1,734	357
Family	6,887,172	1,419,190	22,957	4,731
Shoes	5,177,766	1,066,945	18,828	3,880
Jeans/Leather	99,096	20,420	330	68
Tailors/Uniforms	445,932	91,890	2,230	459
Others	173,418	35,735	667	137
Hardware	50,993,000	10,508,000	216,770	44,669
Hardware	24,680,612	5,085,872	98,722	20,343
Lawn/Seed/Fertil.	968,867	199,652	2,850	587
Others	25,343,521	5,222,476	115,198	23,739
Vehicle Service	47,504,000	9,789,000	115,648	23,831
Gasoline	16,151,360	3,328,260	11,139	2,295
Garage, Repairs	31,352,640	6,460,740	104,509	21,536
Miscellaneous	19,440,000	4,006,000	75,083	15,473
Advert. Signs, etc.	311,040	64,096	1,131	233
Barber/Beauty shop	1,185,840	244,366	5,929	1,222
Book Stores	894,240	184,276	2,417	498
Bowling	447,120	92,138	4,471	921
Cig./Tobacco Dealer	136,080	28,042	272	56
Dent./Physician Lab	777,600	160,240	2,393	493
Florist/Nurseries	1,458,000	300,450	3,431	707
Laundry, Dry Clean	660,960	136,204	2,203	454
Optical Goods/Opt.	466,560	96,144	1,333	275
Photo Sup./Photog.	1,341,360	276,414	3,832	790
Printing	1,574,640	324,486	5,726	1,180
Paper/Paper Prod.	835,920	172,258	4,180	861
Gifts/Cards/Novel.	2,779,920	572,858	9,266	1,910
Newsstands	155,520	32,048	311	64
Video Rent/Sales	2,527,200	520,780	12,636	2,604
Others	3,888,000	801,200	15,552	3,205
TOTAL	$498,465,000	$102,714,000	1,438,943	296,511

*Developed by The Chesapeake Group, Inc., 2009.

Alt D

- ✓ Retail goods and related services sales for 2019 are anticipated to be $724 million. This is sufficient to support roughly 2.1 million square feet of space.

Table 32 – Estimates of Primary Market Retail Sales and Supportable Space by Category for 2009 and 2019 for Alt D*

Category	2009	2019	2009 Space	2019 Space
Food	$71,131,000	$103,377,000	132,841	193,062
Eat/Drink	48,750,000	70,850,000	121,875	177,125
General Merchandise	79,605,000	115,692,000	259,663	377,377
Furniture	30,855,000	44,843,000	95,039	138,125
Transportation	103,431,000	150,320,000	300,971	437,410
Drugstore	21,982,000	31,948,000	43,964	63,896
Apparel	24,774,000	36,004,000	77,089	112,033
Hardware	50,993,000	74,110,000	216,770	315,039
Vehicle Service	47,504,000	69,039,000	115,648	168,074
Miscellaneous	19,440,000	28,253,000	75,083	109,121
TOTAL	$498,465,000	$724,436,000	1,438,943	2,091,262

*Developed by The Chesapeake Group, Inc., 2009.

- ✓ As found in Tables 33 and 34, the anticipated increases are expected to the supportable space of about 650,000 square feet above the 2009 level.

Table 33 – Estimates of Primary Market Retail Sales and Supportable Space by Category for 2009 and 2019 and Change in Sales and Space from 2009 to 2019 for Alt D*

Category	2009	2009-2019	2009 Space	2009-2019 Space
Food	$71,131,000	$32,246,000	132,841	60,221
Eat/Drink	48,750,000	22,100,000	121,875	55,250
General Merchandise	79,605,000	36,088,000	259,663	117,717
Furniture	30,855,000	13,988,000	95,039	43,086
Transportation	103,431,000	46,889,000	300,971	136,441
Drugstore	21,982,000	9,965,000	43,964	19,930
Apparel	24,774,000	11,231,000	77,089	34,948
Hardware	50,993,000	23,117,000	216,770	98,270
Vehicle Service	47,504,000	21,535,000	115,648	52,427
Miscellaneous	19,440,000	8,813,000	75,083	34,038
TOTAL	$498,465,000	$225,972,000	1,438,943	652,328

*Developed by The Chesapeake Group, Inc., 2009.

Table 34 – Estimates of Primary Market Retail Sales and Supportable Space by Sub-category for 2009 and 2019 and Change in Sales and Space from 2009 to 2019 for Alt D*

Sub-category	2009	2009-2019	2009 Space	2009-2019 Space
Food	$71,131,000	$32,246,000	132,841	60,221
Supermarkets	59,394,385	26,925,410	100,668	45,636
Independents	5,690,480	2,579,680	14,226	6,449
Bakeries	1,564,882	709,412	5,216	2,365
Dairies	924,703	419,198	2,569	1,164
Others	3,556,550	1,612,300	10,162	4,607
Eat/Drink	48,750,000	22,100,000	121,875	55,250
General Merchandise	79,605,000	36,088,000	259,663	117,717
Dept. Stores	28,180,170	12,775,152	93,934	42,584
Variety Stores	5,731,560	2,598,336	22,044	9,994
Jewelry	5,492,745	2,490,072	7,736	3,507
Sporting Goods/Toys	8,676,945	3,933,592	28,923	13,112
Discount Dept.	29,851,875	13,533,000	99,506	45,110
Antiques, etc.	398,025	180,440	1,731	785
Others	1,273,680	577,408	5,789	2,625
Furniture	30,855,000	13,988,000	95,039	43,086
Furniture	4,659,105	2,112,188	15,029	6,814
Home Furnishings	6,417,840	2,909,504	18,337	8,313
Store/Office Equip.	4,875,090	2,210,104	16,250	7,367
Music Instr./Suppl.	1,326,765	601,484	6,634	3,007
Radios,TV, etc.	13,576,200	6,154,720	38,789	17,585
Transportation	103,431,000	46,889,000	300,971	136,441
New/Used Vehicles	36,200,850	16,411,150	90,502	41,028
Tires, Batt., Prts.	45,613,071	20,678,049	152,044	68,927
Marine Sales/Rentals	5,481,843	2,485,117	14,816	6,717
Auto/Truck Rentals	16,135,236	7,314,684	43,609	19,769
Drugstore	21,982,000	9,965,000	43,964	19,930
Apparel	24,774,000	11,231,000	77,089	34,948
Men's and Boy's	3,245,394	1,471,261	8,113	3,678
Women's and Girl's	8,224,968	3,728,692	22,230	10,078
Infants	520,254	235,851	1,734	786
Family	6,887,172	3,122,218	22,957	10,407
Shoes	5,177,766	2,347,279	18,828	8,536
Jeans/Leather	99,096	44,924	330	150
Tailors/Uniforms	445,932	202,158	2,230	1,011
Others	173,418	78,617	667	302
Hardware	50,993,000	23,117,000	216,770	98,270
Hardware	24,680,612	11,188,628	98,722	44,755
Lawn/Seed/Fertil.	968,867	439,223	2,850	1,292
Others	25,343,521	11,489,149	115,198	52,223
Vehicle Service	47,504,000	21,535,000	115,648	52,427
Gasoline	16,151,360	7,321,900	11,139	5,050
Garage, Repairs	31,352,640	14,213,100	104,509	47,377
Miscellaneous	19,440,000	8,813,000	75,083	34,038
Advert. Signs, etc.	311,040	141,008	1,131	513
Barber/Beauty shop	1,185,840	537,593	5,929	2,688
Book Stores	894,240	405,398	2,417	1,096
Bowling	447,120	202,699	4,471	2,027
Cig./Tobacco Dealer	136,080	61,691	272	123
Dent./Physician Lab	777,600	352,520	2,393	1,085
Florist/Nurseries	1,458,000	660,975	3,431	1,555
Laundry, Dry Clean	660,960	299,642	2,203	999
Optical Goods/Opt.	466,560	211,512	1,333	604
Photo Sup./Photog.	1,341,360	608,097	3,832	1,737
Printing	1,574,640	713,853	5,726	2,596
Paper/Paper Prod.	835,920	378,959	4,180	1,895
Gifts/Cards/Novel.	2,779,920	1,260,259	9,266	4,201
Newsstands	155,520	70,504	311	141
Video Rent/Sales	2,527,200	1,145,690	12,636	5,728
Others	3,888,000	1,762,600	15,552	7,050
TOTAL	$498,465,000	$225,972,000	1,438,943	652,328

*Developed by The Chesapeake Group, Inc., 2009.

Secondary Market

As defined, the population and households in the remainder of Pima County, outside of the immediate Sahuarita area, is defined as the secondary market.

Retail goods and related services sales for this secondary market are estimated to be about $8.2 billion in 2009. Those sales support roughly 23.7 million square feet of retail space.

Based upon growth assumptions similar to those made for Alt C, the amount of supportable space by 2019 is expected to rise to a level of 24.2 million square feet.

Table 35 – Estimates of Primary Market Retail Sales and Supportable Space by Category for 2009 and 2019 for Alt D*

Category	2009	2019	2009 Space	2019 Space
Food	$1,173,708,000	$1,197,182,000	2,191,966	2,235,804
Eat/Drink	804,405,000	820,493,000	2,011,013	2,051,233
General Merchandise	1,313,533,000	1,339,803,000	4,284,621	4,370,311
Furniture	509,128,000	519,310,000	1,568,213	1,599,575
Transportation	1,706,688,000	1,740,821,000	4,966,232	5,065,554
Drugstore	362,723,000	369,977,000	725,446	739,954
Apparel	408,783,000	416,958,000	1,272,018	1,297,456
Hardware	841,418,000	858,246,000	3,576,845	3,648,381
Vehicle Service	783,843,000	799,519,000	1,908,253	1,946,415
Miscellaneous	320,775,000	327,191,000	1,238,934	1,263,716
TOTAL	$8,225,000,000	$8,389,500,000	23,743,541	24,218,399

*Developed by The Chesapeake Group, Inc., 2009.

This represents an increase in supportable space by the secondary market of about 475,000 square feet. Table 36 contains the information on the sales and supportable space for 2009 and the changes from 2009 to 2019.

Table 36 – Estimates of Secondary Market Retail Sales and Supportable Space by Category for 2009 and 2019 and Change in Sales and Space from 2009 to 2019 *

Category	2009	2009-2019	2009 Space	2009-2019 Space
Food	$1,173,708,000	$23,474,000	2,191,966	43,839
Eat/Drink	804,405,000	16,088,000	2,011,013	40,220
General Merchandise	1,313,533,000	26,271,000	4,284,621	85,694
Furniture	509,128,000	10,183,000	1,568,213	31,365
Transportation	1,706,688,000	34,134,000	4,966,232	99,325
Drugstore	362,723,000	7,254,000	725,446	14,508
Apparel	408,783,000	8,176,000	1,272,018	25,441
Hardware	841,418,000	16,828,000	3,576,845	71,535
Vehicle Service	783,843,000	15,677,000	1,908,253	38,165
Miscellaneous	320,775,000	6,416,000	1,238,934	24,781
TOTAL	$8,225,004,000	$164,501,000	23,743,541	474,873

*Developed by The Chesapeake Group, Inc., 2009.

Table 37 contains the estimates for the secondary market by sub-category. It is noted that the anticipated penetration of this market at present within Sahuarita is not considered to be statistically significant. Yet, the market is substantial at present.

Table 37 – Estimates of Secondary Market Retail Sales and Supportable Space by Sub-category for 2009 and 2019 and Change in Sales and Space from 2009 to 2019*

Sub-category	2009	2009-2019	2009 Space	2009-2019 Space
Food	$1,173,708,000	$23,474,000	2,191,966	43,839
Supermarkets	980,046,180	19,600,790	1,661,095	33,222
Independents	93,896,640	1,877,920	234,742	4,695
Bakeries	25,821,576	516,428	86,072	1,721
Dairies	15,258,204	305,162	42,384	848
Others	58,685,400	1,173,700	167,673	3,353
Eat/Drink	804,405,000	16,088,000	2,011,013	40,220
General Merchandise	1,313,533,000	26,271,000	4,284,621	85,694
Dept. Stores	464,990,682	9,299,934	1,549,969	31,000
Variety Stores	94,574,376	1,891,512	363,748	7,275
Jewelry	90,633,777	1,812,699	127,653	2,553
Sporting Goods/Toys	143,175,097	2,863,539	477,250	9,545
Discount Dept.	492,574,875	9,851,625	1,641,916	32,839
Antiques, etc.	6,567,665	131,355	28,555	571
Others	21,016,528	420,336	95,530	1,911
Furniture	509,128,000	10,183,000	1,568,213	31,365
Furniture	76,878,328	1,537,633	247,995	4,960
Home Furnishings	105,898,624	2,118,064	302,567	6,052
Store/Office Equip.	80,442,224	1,608,914	268,141	5,363
Music Instr./Suppl.	21,892,504	437,869	109,463	2,189
Radios,TV, etc.	224,016,320	4,480,520	640,047	12,801
Transportation	1,706,688,000	34,134,000	4,966,232	99,325
New/Used Vehicles	597,340,800	11,946,900	1,493,352	29,867
Tires, Batt., Prts.	752,649,408	15,053,094	2,508,831	50,177
Marine Sales/Rentals	90,454,464	1,809,102	244,472	4,889
Auto/Truck Rentals	266,243,328	5,324,904	719,577	14,392
Drugstore	362,723,000	7,254,000	725,446	14,508
Apparel	408,783,000	8,176,000	1,272,018	25,441
Men's and Boy's	53,550,573	1,071,056	133,876	2,678
Women's and Girl's	135,715,956	2,714,432	366,800	7,336
Infants	8,584,443	171,696	28,615	572
Family	113,641,674	2,272,928	378,806	7,576
Shoes	85,435,647	1,708,784	310,675	6,214
Jeans/Leather	1,635,132	32,704	5,450	109
Tailors/Uniforms	7,358,094	147,168	36,790	736
Others	2,861,481	57,232	11,006	220
Hardware	841,418,000	16,828,000	3,576,845	71,535
Hardware	407,246,312	8,144,752	1,628,985	32,579
Lawn/Seed/Fertil.	15,986,942	319,732	47,020	940
Others	418,184,746	8,363,516	1,900,840	38,016
Vehicle Service	783,843,000	15,677,000	1,908,253	38,165
Gasoline	266,506,620	5,330,180	183,798	3,676
Garage, Repairs	517,336,380	10,346,820	1,724,455	34,489
Miscellaneous	320,775,000	6,416,000	1,238,934	24,781
Advert. Signs, etc.	5,132,400	102,656	18,663	373
Barber/Beauty shop	19,567,275	391,376	97,836	1,957
Book Stores	14,755,650	295,136	39,880	798
Bowling	7,377,825	147,568	73,778	1,476
Cig./Tobacco Dealer	2,245,425	44,912	4,491	90
Dent./Physician Lab	12,831,000	256,640	39,480	790
Florist/Nurseries	24,058,125	481,200	56,607	1,132
Laundry, Dry Clean	10,906,350	218,144	36,355	727
Optical Goods/Opt.	7,698,600	153,984	21,996	440
Photo Sup./Photog.	22,133,475	442,704	63,239	1,265
Printing	25,982,775	519,696	94,483	1,890
Paper/Paper Prod.	13,793,325	275,888	68,967	1,379
Gifts/Cards/Novel.	45,870,825	917,488	152,903	3,058
Newsstands	2,566,200	51,328	5,132	103
Video Rent/Sales	41,700,750	834,080	208,504	4,170
Others	64,155,000	1,283,200	256,620	5,133
TOTAL	$8,225,004,000	$164,501,000	23,743,541	474,873

*Developed by The Chesapeake Group, Inc., 2009.

Tertiary Market

There are numerous visitors to Pima County and many that currently pass through the area via the interstate. This represents a tertiary market at present and in the future.

Most visitors who come to the Tucson area and stay overnight come from elsewhere in Arizona. Yet and as shown in Table 38, California and Texas visitations are also significant.

Table 38 - 2007 Domestic Overnight Travel to Tucson & Southern Arizona*

Origin	%
Arizona	43.4
California	21.1
Texas	5.7
Illinois	1.3
New Mexico	2.8
Nevada	0.9
Ohio	1.4
Colorado	1.5
Washington	2.3
Michigan	0.6

*Source: The Arizona Office of Tourism

The Metropolitan Tucson Convention & Visitors Bureau indicates that:

- ✓ The number of overnight visitors to Metro Tucson increased by 16.7% between 2002 and 2006.
- ✓ The overnight visitor base was supplemented by 3.19 million day visitors for a total of 7.18 million in 2006
- ✓ Hotel and motel visitors account for the biggest source of expenditures (43%); day trippers account for 27% of expenditures; and visitors staying in private homes account for 24%.

Also:

- ✓ 55% of the visitors come to visit family and friends.
- ✓ 77% of the visitors come for leisure purposes.
- ✓ 44% of leisure overnight visitors are couples.
- ✓ 24% of leisure visitors travel with children.
- ✓ Approximately 18% of all metro visitors come by air.
- ✓ 27% of travelers to Metro Tucson noted sightseeing as an important activity.

According to the Arizona Office of Tourism:

- ✓ 77% of those who come and stay over night do so for leisure, while 23% make such a trip for business.

- ✓ Of the leisure visitors, about one-third (34%) come to visit friends and family, 13% for special events, 10% for general vacations and 8% for a weekend getaway.

- ✓ Through 2006, travel spending in Pima County had increased annually since 2003 when it reached a level approaching that of 2000.

- ✓ Total retail expenditures by visitors to Pima County are likely to be in excess of $488 million, while additional food and beverage expenditures are likely to be in excess of $537 million.

It is noted that the visitor estimates include those that may own a housing unit or condominium or have a lease on such a unit and are not full-time residents of the area. On the other hand, excluded are likely day-trippers arriving across the boarder from Mexico.

The top five natural attractions in the Tucson Metro area are as follows.

Table 39 - Top Five Natural Attractions in Tucson Area*

Attraction	Visitors
Saguaro National Park	3,140,393
Organ Pipe Cactus National Monument	313,103
Patagonia Lake SP	180,608
Tohono Chul Park	167,536
Colossal Cave Mountain Park	160,000

*Source: The Arizona Office of Tourism

Within or near Sahuarita are several attractions. These are:

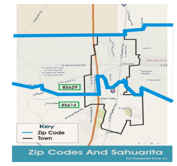
- ✓ The Titan II Missile Museum.
- ✓ Tubac, to the south, which is the oldest Spanish settlement in the Southwest and is an active artist's colony.
- ✓ Madera Canyon, southeast of Sahuarita, known for its large number of species of birds.

There is also a substantial number of residents of Mexico who travel along the interstate through Sahuarita.

Unfortunately, Sahuarita does not have the type of activity to attract substantial dollars from these visitor markets at this time, nor the necessary transient accommodations to keep such dollars from doing more than pass through. Thus and in an effort to not overstate demand for retail, this tertiary or visitor market has been excluded from the analysis.

It is however noted that the visitations are throughout the year, with the dominance of any season diminishing. Furthermore, occupancy levels for transient accommodation facilities have historically been high enough in the metro area to justify additional hotel rooms at some point in the foreseeable future.

Sahuarita Retail Market Analysis Conclusions



There are significant conclusions that can be drawn from the market analysis based on the two primary methodologies employed to define opportunities. Those conclusions and related opportunities that follow are associated with the present as well as the future.

In reviewing those conclusions, based on the opportunities, it is noted that much of the country, including Sahuarita and Arizona, are operating in a difficult time period. It is within that context that this analysis was performed. Many factors are impacting growth and consumer spending at present. Some have been noted in this analysis. Retail sales and supportable space could well decline further in the short-term before they reach a new plateau, level out, or again grow. Many retailers, although not all, are contracting at present. However, the opportunities presented by Sahuarita, the town center and the general area should not be lost in that process. Retail growth follows housing or “roof top” growth. Because Sahuarita grew so rapidly, the growth in retail space that would typically follow was “side tracked” by the economic downturn, the constriction in financing and other factors. That does not mean that the demand does not exist for the space, but that other factors are impacting the growth of that space to meet that demand at present. Inevitably, these “non-demand” issues, largely outside of the control of Sahuarita, will subside, diminish, or could be mitigated by other means.

Present Opportunities

Through the comparative assessment, gaps that exist at present in the local retail market are identified. People are making purchases at related establishments, but are exporting those sales dollars to non-Sahuarita locations because of a lack of availability in the Sahuarita area. These include the following, may of which may be inappropriate for any town center development.

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New Car Dealers
Used Car Dealers
Automotive Parts & Accessories Stores
Tire Dealers
Radio, Television, & Other Electronics Store
Computer and Software Stores
Convenience Stores
Beer, Wine & Liquor Stores
Cosmetics, Beauty Supplies, & Perfume Stores
Food (Health) Supplement Stores
Gasoline Stations with Convenience Stores
Other Gasoline Stations
Limited-Service Restaurants
Cafeterias, Buffets, & Grill Buffets
Automotive Body, Paint, & Interior Repair & Maintenance
Automotive Oil Change & Lubrication
Car Washes
Funeral Homes & Funeral Services
Dry cleaning and Laundry Services (except Coin-Operated)

Sahuarita Retail Market Analysis Conclusions

Yet, there are several that are worth noting that are probably appropriate, including or such as electronics operations, computer store, cosmetics and perfumes, grills and buffets. There are also a variety of well established names associated with some of these types of operations that continue to be in an expansion mode and others that are new to the “bricks and mortar” sales generation. As an example of the latter, Microsoft, who has always sold its products via other operators or on-line, recently announced it will be developing a “bricks and mortar” component to diversify its sales.

Although not well fit for a pedestrian oriented town center, many of the uses are automotive and related vehicle sales and services that could surface as a planned specialty “park” with proper zoning and design controls.

As noted, currently Sahuarita is not well penetrating the secondary market. However, at the County level, there are still other identified gaps that are appropriate for a town center. These include those that follow.

Camera and Photographic Supplies Stores
Furniture Stores
Home Centers
Paint and Wallpaper Stores
Fish and Seafood Markets
Baked Goods Stores
Men’s Clothing Stores
Women’s Clothing Stores
Children’s and Infants’ Clothing Stores
Shoe Stores
Florists
Office Supplies and Stationery Stores
Full-Service Restaurants

Still others that may not fit well in that environment, but are appropriate complements in adjacent or nearby areas, including:

Warehouse Clubs and Supercenters

The demand forecast indicates that these gaps are translatable into sales in many cases. The amount of supportable space, irrespective of any future growth, exceeds that found in the Sahuarita area or town center at present; or the current composition of space does not reflect demand generated by the residential population. Included are the following:

Type of operation	2009 Space
Bakeries	5,216
Sporting Goods/Toys	28,923
New/Used Vehicles	90,502
Tires, Batt., Prts.	152,044
Women's and Girl's	22,230
Family	22,957
Shoes	18,828
Hardware	216,770
Garage, Repairs	104,509

Sahuarita Retail Market Analysis Conclusions

Those most appropriate for a pedestrian oriented town center area include those that follow:

Bakeries
Sporting Goods/Toys
Women's and Girl's
Family
Shoes

In addition, the area in which demand exceeds supply by the greatest amount of space is in the hardware category, with only a few relatively small operations related to this category in the physical area at present. Furthermore, while the amount of space is not insufficient in the eating and drinking category, the proportion of fast food relative to non-fast food operations is higher than what would be anticipated.

Future Opportunities

As found in the demand forecasts, with continued growth in the residential market in the immediate Sahuarita area, there will be additional demand for retail activity. Assuming additional residential growth at various levels, the analysis indicates that future demand will be sufficient to support between 110,000 and 650,000 additional square feet of retail in the future without tapping other markets.

Yet, this represents opportunities generated by only the primary market. Sahuarita, if establishing itself as a destination that offers amenities and is relatively unique, could tap the secondary and tertiary markets as well.

A market penetration level of only 4% of the secondary market, considered to be minimally significant, and assuming no growth in that secondary market, or the worst case scenario, could result in capturable demand sufficient to support another 950,000 square feet of space in the Sahuarita area.

Capturing sales from the transient market, those from outside who visit or pass through the area, could further add to the supportable space. While in many communities, development of space contingent upon this tertiary market is not often successful, visitations and traffic on the interstate suggests a non-seasonal balance that could be productive for Sahuarita.

Furthermore, increasing employment activity in the community or non-retail service activity, such as an educational institution or medical complex, that attracted those from outside the area, would result in even more expanded retail demand in the future.